EXHIBIT 14
DATE Feb 3, 2011
HB 316

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2013 Biennium

Bill #	HB0316	Title:	Redistribute certain revenue and income to state general fund
Primary Sponsor:	Cook, Rob	Status:	As Introduced

- ☑ Significant Local Gov Impact
- ☑ Needs to be included in HB 2
- ☑ Technical Concerns
- ☐ Included in the Executive Budget
- ☑ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2012 Difference	FY 2013 Difference	FY 2014 Difference	FY 2015 Difference
Expenditures:				
General Fund	$1,325,000	$0	$0	$0
State Special Revenue	($28,421,634)	($28,319,363)	($29,795,340)	$0
Federal Special Revenue	($9,298,614)	($9,184,955)	($12,818,877)	($12,899,774)
Revenue:				
General Fund	$27,746,777	$27,657,876	$28,828,842	$29,049,044
State Special Revenue	($28,421,634)	($28,319,363)	($29,795,340)	($30,017,053)
Federal Special Revenue	($9,298,614)	($9,184,955)	($12,818,877)	($12,899,774)
Net Impact-General Fund Balance:	$26,421,777	$27,657,876	$28,828,842	$29,049,044

Description of fiscal impact: This bill reduces the allocation of many tax types to state special revenue accounts and redistributes the funds to the general fund. It will increase general fund deposits by $27 - $29 million per year and decrease deposits to many state special revenue accounts by a total of $28 - $30 million per year. Expenditures are assumed to be reduced by the amount of the reduced revenue available to the programs funded by the state special revenue funds included in this bill. In addition, federal expenditures for some programs in the Department of Public Health and Human Services would also be reduced for matching funds associated with the reduced state special revenue.

FISCAL ANALYSIS

Assumptions:

Coal Severance Tax/Coal Trust Revenue

1. This bill changes the allocation of funds from the coal severance tax and the coal severance trust fund. The following tables display those changes.

Coal Severance Tax

	Current Law	HB 316
Coal Trusts	50%	50%
Long Range Building Program	12%	10.80%
Coal Tax Shared SSR	5.46%	4.914%
Parks Trust	1.27%	1.143%
Renewable Resource Debt Service	0.95%	0.95%
Capitol Art Trust (Cultural Trust)	0.63%	0.057%
Coal Natural Resource Account (through 09/30/2013)	5.80%	5.22%
Coal Natural Resource Account (beginning 10/1/2013)	2.90%	2.61%
DEQ Mine Permitting and Restoration	$250,000	$225,000

Coal Trust Interest

	Current Law	HB 316
Cooperative Development Center	$65,000	$58,500
Growth Through Agriculture (FY 2012-FY2013)	$625,000	$562,500
Growth Through Agriculture (FY 2014-FY2019)	$1,250,000	$1,125,000
Research and Commercialization Account (FY 2012-FY2013)	$1,275,000	$1,147,500
Research and Commercialization Account (FY 2014-FY2019)	$3,650,000	$3,285,000
DOC Small Business Development Center	$125,000	$112,500
DOC Small Business Innovative Research	$50,000	$45,000
DOC Certified Regional Development Corporations	$425,000	$382,500
DOC MT Manufacturing Extension Center-MSU	$200,000	$180,000
DOC Export Trade Enhancement	$300,000	$270,000

2. Changes to the allocation formula for both the coal severance tax and coal trust fund earnings shift funds from state special revenue accounts to the general fund. A complete table displaying these shifts can be found below. For fiscal note purposes, it is assumed the decrease in the statutory appropriations of the Permanent Coal Trust Fund will result in fewer grants being issued.

Changes to Coal Severance Tax Allocations Due to HB 316

	FY2012	FY2013	FY2014	FY2015
Coal Trusts	$0	$0	$0	$0
Long Range Building Program	($680,620)	($693,278)	($688,136)	($710,224)
Coal Tax Shared SSR	($309,682)	($315,441)	($313,102)	($323,152)
Parks Trust	($72,032)	($73,372)	($72,828)	($75,165)
Renewable Resource Debt Service	$0	$0	$0	$0
Capitol Art Trust (Cultural Trust)	($35,733)	($36,397)	($36,127)	($37,287)
Coal Natural Resource Account	($328,966)	($335,084)	($207,874)	($171,638)
DEQ Mine Permitting and Restoration	($25,000)	($25,000)	($25,000)	($25,000)
General Fund Revenue	$1,452,032	$1,478,572	$1,343,067	$1,342,466

Changes to Coal Trust Interest Allocations Due to HB 316

	FY2012	FY2013	FY2014	FY2015
Cooperative Development Center	($6,500)	($6,500)	($6,500)	($6,500)
Growth Through Agriculture	($62,500)	($62,500)	($125,000)	($125,000)
Research and Commercialization Account	($127,500)	($127,500)	($365,000)	($365,000)
DOC Small Business Development Center	($12,500)	($12,500)	($12,500)	($12,500)
DOC Small Business Innovative Research	($5,000)	($5,000)	($5,000)	($5,000)
DOC Cert. Regional Development Corporations	($42,500)	($42,500)	($42,500)	($42,500)
DOC MT Manufacturing Extension Center-MSU	($20,000)	($20,000)	($20,000)	($20,000)
DOC Export Trade Enhancement	($30,000)	($30,000)	($30,000)	($30,000)
Reduced General Fund Appropriation	$306,500	$306,500	$606,500	$606,500

3. The amounts transferred to the general fund and not transferred to the Parks Trust and the Cultural Trust Fund due to HB 316 will not earn interest. The effects of a decrease in fund corpus on interest revenue are shown in the table below.

Changes to Trust Fund Interest

	FY2012	FY2013	FY2014	FY2015
Parks Trust Revenue	$0	($2,996)	($7,320)	($10,986)
Capitol Art Trust (Cultural Trust)	0	$0	($1,486)	($3,631)

Oil and Natural Gas Severance Tax

4. This bill changes the allocation of funds from the oil and natural gas production taxes. Ten percent of the privilege and license tax is diverted from the state special revenue fund that pays the expenses of the Board of Oil and Gas Conservation (BOCG) to the general fund. Ten percent is diverted from the oil and gas natural resources distribution account to the general fund. Ten percent is diverted from counties and school districts to the state general fund. Beginning in FY 2012, this bill also changes the distribution of the state portion of oil and natural gas revenue. The following table displays those changes.

Allocation of Oil and Gas Production Tax

	Current Law	HB 316
Natural Resources Projects Account	2.16%	1.944%
Natural Resources Operations Account	2.02%	1.818%
Orphan Share Account	2.95%	2.655%
University System 6 - Mill Account	2.65%	2.65%

5. The Montana University System (MUS) receives 2.65% of the remaining oil and natural gas revenue after the distribution to the BOCG, the Oil and Gas Conservation Account, and the county distributions have been made. The wording of HB 316 does not change the wording of the distribution of the oil and gas tax revenue. However, because the portion to the BOCG, the Oil and Gas Conservation Account, and the county distributions has decreased due to HB 316, the 2.65% going to MUS will be 2.65% of a larger base.
6. A complete record of the impact of this bill on the allocation of oil and natural gas production taxes revenue can be found in the table below.

Changes to Oil and Gas Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Board of Oil and Gas Conservation	($181,527)	($178,495)	($176,176)	($172,121)
Oil and Gas Natural Resource Account	($342,884)	($337,157)	($332,778)	($325,117)
County and School Distribution	($8,919,428)	($8,768,641)	($8,654,742)	($8,455,515)
Natural Resources Projects Account	($60,143)	($59,213)	($58,444)	($57,099)
Natural Resources Operations Account	($56,245)	($55,375)	($54,656)	($53,398)
Orphan Share Account	($82,140)	($80,870)	($79,819)	($77,982)
University System 6 - Mill Account	$250,262	$246,034	$242,838	$237,248
Coal Bed Methane Protection Account	$0	$0	$0	$0
General Fund Revenue	$9,392,105	$9,233,717	$9,113,776	$8,903,983

Metalliferous Mines Tax

7. This bill changes the allocation of funds from the metalliferous mine license taxes. The following tables display those changes to the distribution.

Allocation of Metal Mines Tax

	Current Law	HB 316
Hard Rock Mining Impact Trust Account	2.50%	2.25%
Hard Rock Mining Reclamation Debt Service Fund	8.50%	8.50%
Local Impact Account	25%	22.50%
Natural Resource Operations	7%	6.30%
General Fund Revenue	57%	60.45%

8. A complete record of the impact of this bill on the metalliferous mines tax distribution can be found in the table below.

Changes to Metal Mines Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Hard Rock Mining Impact Trust Account	($32,618)	($34,004)	($34,300)	($32,679)
Hard Rock Mining Reclamation Debt Service Fund	$0	$0	$0	$0
Local Impact Account	($326,184)	($340,044)	($342,999)	($326,787)
Natural Resource Operations	($91,332)	($95,212)	($96,040)	($91,500)
General Fund Revenue	$450,134	$469,261	$473,339	$450,967

Resource Indemnity Tax

9. Under current law, the resource indemnity trust and ground water assessment tax (RIGWAT) is deposited in the following order: to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) match debt service fund an amount certified by the Department of Environmental Quality (DEQ), and $366,000 to the ground water assessment account. The remaining proceeds are distributed, 25% to the environmental quality protection fund (EQPF), 25% to the hazardous waste/CERCLA state special revenue account, and 50% to the natural resources projects state special revenue account.
10. This bill removes the allocation to the water storage state special revenue account and directs 10% of funds remaining, after the allocation to the CERCLA match debt service fund, to the general fund. The remaining revenue is distributed according to current law.
11. A complete description of the impact on the state special revenue accounts and general fund can be found in the following table.

Changes to Resource Indemnity Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
CERCLA Match Debt Service	$0	$0	$0	$0
Groundwater Assessment	$0	$0	$0	$0
Environmental Quality Protection Fund	($48,196)	($51,921)	($52,662)	($54,603)
Hazardous Waste / CERCLA Account	($48,196)	($51,921)	($52,662)	($54,603)
Natural Resources Projects Account	($96,392)	($103,842)	($105,324)	($109,207)
Water Storage	$0	$0	$0	$0
General Fund Revenue	$192,784	$207,684	$210,649	$218,414

Resource Indemnity Trust (RIT) Interest

12. This bill changes the allocation of earnings, excluding unrealized gains and losses from the RIGWAT trust fund. Currently, there are allocations made every fiscal year, once a biennium, and allocations of any remaining funds. A chart showing the changes made to those allocations can be found below.

Allocation of Resource Indemnity Trust Interest

	Current Law	HB 316
To Be Deposited Every Fiscal Year		
Natural Resources Projects Account	$3,500,000	$3,150,000
Groundwater Assessment	$300,000	$270,000
Trout Habitat Enhancement	$500,000	$450,000
General Fund	$0	$430,000
To Be Deposited Every Biennium		
Oil & Gas Damage Mitigation	$50,000	$45,000
Water Storage	$500,000	$450,000
Environmental Contingency	$175,000	$157,500
General Fund	$0	$72,500
Remaining Funds Are Allocated As Follows:		
Natural Resources Operations Account	65%	58.50%
Hazardous Waste/CERCLA	26%	23.40%
Environmental Quality Protection	9%	8.10%
General Fund	0%	10%

13. RIT revenue allocates $5.025 million in fixed amounts, in even numbered fiscal years, and then allocates the remainder according to fixed percentages. In FY 2012 and FY 2014, revenue is projected to be less than $5.025 million, and the remainder of the allocations are expected to be zero. For the purposes of this fiscal note, the difference between the total and $5.025 million is pro-rated for each fund in both the current law and the revised statute in HB 316.
14. A complete description of the fiscal impact of this bill on the Resource Indemnity Trust interest can be found below.

Changes to Resource Indemnity Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Natural Resources Projects Account	($330,567)	($350,000)	($348,288)	($350,000)
Groundwater Assessment	($28,334)	($30,000)	($29,853)	($30,000)
Trout Habitat Enhancement	($47,224)	($50,000)	($49,755)	($50,000)
Oil & Gas Damage Mitigation	($4,722)	$0	($4,976)	$0
Water Storage	($47,224)	$0	($49,755)	$0
Environmental Contingency	($16,528)	$0	($17,414)	$0
Natural Resources Operations Account	$0	($29,575)	$0	($59,960)
Hazardous Waste/CERCLA	$0	($11,830)	$0	($23,984)
Environmental Quality Protection	$0	($4,095)	$0	($8,302)
General Fund Revenue	$474,600	$475,500	$500,042	$522,246

Nursing Facility Tax

15. Under current law, a fee of $5.50 is levied for each bed day at a nursing facility, and the collections are distributed to the nursing facility account. Also under current law, the intermediate care facility fee collected from licensed intermediate care facilities for the developmentally disabled is distributed 30% to the general fund and 70% to prevention and stabilization account.
16. This bill changes the allocations in the assumption above. Ten percent of the revenue generated from the $5.50 bed fee is allocated to the general fund in HB 316. For the fees collected from intermediate care facilities for the developmentally disabled, 37% of these funds are deposited to the general fund and 63% to the prevention and stabilization account. The Department of Health and Human Services (DPHHS) receives matching funds from the federal government for this program. DPHHS estimates that the federal government will provide approximately $1.96 for every dollar spent on this program by the state. Therefore, if the state receives less funding in the state special revenue fun to be expended by the program, it will receive less federal revenue.
17. The table below details the changes in nursing facility tax revenue from the health care facility fees to the state special revenue accounts and the general fund.

Changes to Health Care Facility Fees Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Federal Funds	($1,975,333)	($1,894,678)	($1,878,672)	($1,849,891)
DPHHS	($1,009,000)	($987,400)	($979,059)	($964,060)
General Fund Revenue	$1,009,000	$987,400	$979,059	$964,060

Lodging Facility Use Tax

18. This bill changes the allocation of funds from the lodging facility use tax. Those changes can be found in the following table.

Allocation of the Lodging Facility Use Tax

	Current Law	HB 316
Montana Heritage Preservation & Development Act	$400,000	$360,000
Historical Society - Sites & Signs	1%	0.9%
University System - Montana Travel Research	2.50%	2.25%
DFWP Parks Maintenance	6.50%	5.85%
DOC Promotion of Tourism and Movie / TV	67.50%	60.75%
Nonprofit Tourism Corps. (Regional Acc. Tax)	22.25%	20.25%
General Fund Revenue	0%	10.81%

19. The table below details the changes in lodging facility use tax revenue from the lodging facility use tax to the state special revenue accounts and the general fund.

Changes to Lodging Facility Use Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
MT Heritage Preservation & Development Acct	($40,000)	($40,000)	($40,000)	($40,000)
Historical Society - Sites & Signs	($17,912)	($18,606)	($20,004)	($21,482)
University System - Montana Travel Research	($44,780)	($46,516)	($50,011)	($53,705)
DFWP Parks Maintenance	($116,429)	($120,942)	($130,028)	($139,632)
DOC Promotion of Tourism and Movie / TV	($1,209,071)	($1,255,932)	($1,350,295)	($1,450,024)
Nonprofit Tourism Corps. (Regional Acc. Tax)	($403,024)	($418,644)	($450,098)	($483,341)
General Fund Revenue	$1,831,217	$1,900,639	$2,040,436	$2,188,183

Hospital Utilization Fees

20. Under current law, all of the revenue generated from the hospital utilization fee is deposited to a state special revenue account to the credit of the DPHHS. This bill moves 10% of those funds to the general fund.
21. For the purpose of this fiscal note, it is assumed that the growth rate of the hospital utilization fee is the same for the nursing facility fees. DPHHS receives matching funds from the federal government for this program. DPHHS estimates that the federal government provides approximately $1.96 for every dollar spent on this program by the state. Therefore, if the state receives less funding in the state special revenue fun to be expended by the program, it will receive less federal revenue.
22. The table below details the changes in hospital utilization fees revenue to the state special revenue account and the general fund.

Changes to Hospital Utilization Fees Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
DPHHS	($1,979,916)	($1,936,160)	($1,893,371)	($1,851,527)
Federal Funds	($3,876,108)	($3,715,525)	($3,633,412)	($3,553,113)
General Fund Revenue	$1,979,916	$1,936,160	$1,893,371	$1,851,527

Liquor Tax

23. Under current law, 34.5% of revenue from the license tax on liquor is deposited to the state general fund, and 65.5% is deposited to a DPHHS account to prevent alcoholism and chemical dependency.
24. This bill changes the allocations to 41.05% to the general fund and 58.95% to the DPHHS account to prevent alcoholism and chemical dependency.
25. The following table shows the changes in liquor tax revenue to the state special revenue account and the general fund for the license tax on liquor.

Changes to Liquor License Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Alcohol Treatment & Rehab.	($575,625)	($599,872)	($606,145)	($612,489)
General Fund Revenue	$575,625	$599,872	$606,145	$612,489

Beer Tax

26. Under current law 76.74% of revenue from the beer tax is deposited to the state general fund, and 23.26% is deposited to a DPHHS account to prevent alcoholism and chemical dependency.

27. This bill changes the allocations to 79.066% to the general fund and 20.934% to the DPHHS account to prevent alcoholism and chemical dependency.
28. The following table shows the changes in beer tax revenue to the state special revenue account and the general fund for the beer tax.

Changes to Beer Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Alcohol Treatment & Rehab.	($98,417)	($99,781)	($101,684)	($103,559)
General Fund Revenue	$98,417	$99,781	$101,684	$103,559

Wine and Hard Cider Tax

29. Under current law, 69% of revenue from the wine and hard cider tax is deposited to the state general fund and 31% is deposited to a DPHHS account to prevent alcoholism and chemical dependency.
30. This bill changes the allocations to 72.1% to the general fund and 27.9% to the DPHHS account to prevent alcoholism and chemical dependency.
31. The following table shows the changes in wine and hard cider tax revenue to the state special revenue account and the general fund for the wine and hard cider tax.

Changes to Wine and Hard Cider Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Alcohol Account	($100,278)	($104,636)	($109,873)	($115,129)
General Fund Revenue	$100,278	$104,636	$109,873	$115,129

Cigarette Tax

32. This bill changes the allocation of funds from the cigarette tax. Those changes can be found in the table below.

Allocation of the Cigarette Tax

	Current Law	HB 316
State Veterans' Nursing Homes	8.30%	7.47%
Long Range Building Fund	2.60%	2.34%
Health & Medicaid Account	44%	39.60%
General Fund Revenue	45.10%	50.59%

33. The table below details the changes in cigarette tax revenue to the state special revenue accounts and the general fund.

Changes to Cigarette Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
State Veterans' Nursing Homes	($568,357)	($550,505)	($549,047)	($547,488)
Long Range Building Fund	($178,039)	($172,447)	($171,991)	($171,502)
Health & Medicaid Account	($3,012,976)	($2,918,341)	($2,910,609)	($2,902,345)
General Fund Revenue	$3,759,372	$3,641,294	$3,631,646	$3,621,335

34. Under current law, the money for the operation and maintenance of state veterans' nursing homes in excess of $2 million each fiscal year must be transferred to the state general fund. This is modified to the excess of $1.8 million. The net effect of this transfer combined with the decreased veterans' home revenue is presented in the table below.

Changes to the Veterans' Home Transfer to the General Fund Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
General Fund Revenue	($368,357)	($350,505)	($349,047)	($347,488)

Tobacco Products Tax

35. Under current law, 50% of revenue from the tobacco products tax is deposited to the state general fund, and 50% is deposited to an account to fund health and medicaid initiatives.
36. This bill changes the allocations to 55% to the general fund and 45% to an account to fund health and medicaid initiatives.
37. The following table shows the changes in revenue to the state special revenue account and the general fund for the tobacco products tax.

Changes to Tobacco Products Tax Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Health & Medicaid Account	($601,800)	($638,000)	($652,370)	($667,004)
General Fund Revenue	$601,800	$638,000	$652,370	$667,004

U.S. Mineral Royalty Revenue

38. Under current law, 25% of the revenue from U.S. mineral royalty revenue is distributed to the county where the production occurred through the Mineral Impact Account and the remaining 75% goes to the state general fund. HB 316 changes that distribution to 22.5% back to county governments and the remaining 77.5% to the state general fund. The following table summarizes this distributional change.

Changes to U.S. Mineral Royalty Revenue Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Mineral Impact Account	($990,467)	($962,533)	($950,608)	($949,856)
General Fund Revenue	$990,467	$962,533	$950,608	$949,856

Tobacco Settlement Revenue

39. Under current law, 40% of tobacco settlement revenue is distributed to Tobacco Settlement Trust Fund, 32% to DPHHS for tobacco prevention, 17% to the Healthy Montana Kids/The Montana Comprehensive Health Association (HMK/MCHA) account, and the remaining 11% is distributed to the general fund.
40. This bill changes the allocations to 28.8% to DPHHS for tobacco prevention, 15.3% to the HMK/MCHA account, and the remaining 15.9% would be distributed to the general fund. The distribution to the Tobacco Settlement Trust is unchanged by HB 316.
41. DPHHS receives matching funds from the federal government for this program. DPHHS estimates that the federal government will provide approximately $3.176 for every dollar spent on this program by the state. Therefore, if the state receives less funding in the state special revenue fun to be expended by the program, it will receive less federal revenue. It is estimated 84% of the HMK/MCHA account would be allocated to DPHHS. The following table shows the estimated loss of revenue from federal funds.

Changes to Tobacco Settlement Revenue Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Tobacco Prevention Acct.	($1,036,800)	($1,035,345)	($1,038,418)	($1,041,528)
Health Ins. Benefits Acct.	($550,800)	($550,027)	($551,660)	($553,312)
Federal Funds	($1,497,805)	($1,467,205)	($1,471,560)	($1,475,966)
Tobacco Trust Fund	$0	$0	$0	$0
General Fund Revenue	$1,587,600	$1,585,373	$1,590,078	$1,594,839

Card Table Permits Revenue

42. Under current law, all of the revenue generated from the fees collected for card table permits will be redistributed. In FY 2010, the Department of Justice (DOJ) retained approximately 34% of these fees and local government received 66%. It is assumed the percentage will remain constant. Based on the redistribution in HB 316, the general fund will receive 10% of both the division's share and local government's share of these fees. The table below summarizes the changes to card table fee revenue due to HB 316.

Changes to Card Table Tax Revenue Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
DOJ	($4,250)	($4,250)	($4,335)	($4,422)
Local Governments	($8,250)	($8,250)	($8,415)	($8,583)
General Fund Revenue	$12,500	$12,500	$12,750	$13,005

Live Game Tax

43. Under current law, revenue generated from live game tax is distributed to local governments. HB 316 redistributes 10% of this money to the state general fund. The table below shows the effect of redistributing live game tax revenue.

Changes to Live Game Tax Revenue Allocation due to HB 316

	FY 2012	FY 2013	FY 2014	FY2 015
Local	($1,150)	($1,150)	($1,173)	($1,197)
General Fund Revenue	$1,150	$1,150	$1,173	$1,197

Sports Tax Revenue

44. Under current law, revenue generated from sports tax is retained by DOJ. HB 316 redistributes 10% of this money to the state general fund. The table below shows the effect of redistributing sports tax revenue.

Changes to Sports Tax Revenue Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
DOJ	($150)	($150)	($153)	($156)
General Fund Revenue	$150	$150	$153	$156

Video Gaming Machine Permit Fees

45. The revenue generated from the fees collected for video gaming machines will be redistributed as a result of HB 316. Under current law, DOJ retains approximately 55% of these fees and local government receives 45%. It is assumed the percentage will remain constant. Based on the redistribution in HB 316, the general fund will receive 10% of both the division's share and local government's share of these fees. The table below summarizes the changes to video gaming machine permit fees due to HB 316.

Changes to Video Gaming Machine Permit Revenue Allocation Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
DOJ	($231,825)	($231,825)	($236,462)	($237,264)
Local Governments	($189,675)	($189,675)	($193,469)	($194,125)
General Fund Revenue	$421,500	$421,500	$429,930	$431,389

Investment Licenses and Permits Revenue

46. Under current law, revenue generated from portfolio notice filing fees is retained by the State Auditor's Office (SAO). HB 316 distributes 10% of this revenue to the general fund. However, there is no fiscal impact as a result, because any excess fees must be deposited in the general fund according to 30-10-115 (2), MCA. The net effect is summarized in the table below.

Changes To Investment Licenses and Permits Revenue Allocation due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
SAO Revenue	($435,000)	($460,500)	($490,700)	($519,300)
Portfolio Fee Transfer to the General Fund	($435,000)	($460,500)	($490,700)	($519,300)
General Fund Revenue	$435,000	$460,500	$490,700	$519,300

Insurance Tax and Permit Fees

47. According to Section 25 and 33-2-708(3)(b), MCA.: The commissioner shall deposit 15.003% (reduced from 16.67%) of the money collected under 33-2-705, MCA, in the state special revenue account provided for in 53-4-1115, MCA, and 1.667% in the general fund. Effective July 1, 2013 the commissioner shall deposit 29.7% of the money collected under 33-2-705, MCA, in the state special revenue account provided for in 53-4-1115, MCA, and 3.3% in the state general fund.
48. According to Section 25 and 33-2-708(3)(c), MCA.: The amount of 10% of all other fees collected by the SAO pursuant to Title 33 and the rules adopted under Title 33 must be deposited in the state general fund with the remainder deposited in the state special revenue fund to the credit of the SAO.
49. According to section 26 and 33-2-712, MCA.: The fee must be paid on or before March 1 of each year and 10% must be deposited in the state general fund with the remainder being deposited in an account in the state special revenue fund for the statewide genetics program.
50. If this bill passes, according to section 27 and 33-28-120(3)(a), MCA.: The amount of 4.5% (reduced from 5%) of the premium tax collected under 33-28-201, MCA, and 90% of all fees and assessments received by the SAO pursuant to the administration of this chapter must be deposited in the captive account. The amount of 0.5% of the premium tax collected under 33-28-201, MCA, and 10% of all fees and assessments received by the commissioner pursuant to the administration of this chapter must be deposited in the state general fund. However, there will be no net fiscal impact to the general fund. This is due to the fact the excess of this fund is transferred to the general fund.
51. DPHHS receives matching funds from the federal government for the HMK program. DPHHS estimates that the federal government will provide approximately $3.176 for every dollar spent on this program by the state. Therefore, if the state receives less funding in the state special revenue fun to be expended by the program, it will receive less federal revenue.
52. The table below summarizes the effect of HB 316 from assumptions 47 to 51.

Changes To Insurance Tax and Permit Fees Revenue Allocation due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Healthy Montana Kids	($1,064,832)	($1,125,775)	($2,301,085)	($2,360,913)
Federal Funds	($3,447,173)	($3,574,752)	($7,306,793)	($7,496,770)
Genetics Fees	($113,467)	($113,467)	($113,467)	($113,467)
Captive Insurance Co. Account	($2,414)	($2,414)	($2,414)	($2,414)
Other Fees	($486,888)	($486,944)	($453,833)	($468,271)
General Fund Revenue	$1,665,186	$1,726,186	$2,868,384	$2,945,064

Coal Trust Interest Revenue

53. This bill makes a one-time transfer of 10% of the treasure state endowment fund corpus, 10% from the treasure state endowment regional water system fund corpus, and 10% from the big sky economic

development fund corpus to the coal severance tax permanent fund. Earnings from the coal severance tax permanent fund are deposited to the general fund. In essence this bill moves interest earning power from accounts that fund state special revenue accounts to an account that funds the general fund. These transfers are made in July 1, 2011.

54. Using assumptions from HJR 2, $21,298,214 will be moved from the treasure state endowment trust fund corpus to the coal severance tax permanent fund; $6,815,178 will be transferred from the treasure state endowment regional water system fund corpus to the coal severance tax fund; and $6,184,704 will be transferred from the big sky economic development fund corpus to the coal severance tax permanent fund.
55. This bill will reduce interest earnings for the treasure state endowment fund, the treasure state endowment regional water system fund, and the big sky economic development fund. It will also increase earnings for the coal severance tax permanent fund, which leads to increases to the general fund. The impact can be seen in the table below.

Changes to Coal Trust Fund Interest Earnings Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Treasure State Endowment Interest Revenue	($948,400)	($924,424)	($987,986)	($1,102,437)
Regional Water System Fund Interest Revenue	($308,900)	($329,836)	($373,293)	($436,765)
Big Sky Economic Development Interest Revenue	($262,000)	($272,213)	($308,078)	($360,461)
General Fund Revenue	$1,519,300	$1,526,473	$1,669,357	$1,899,664

Effect on Expenditures

56. The Department of Revenue (DOR) would incur costs of $1.325 million for extensive computer system changes to implement the provisions of this bill. The expenditure will only be required in fiscal year 2012.
57. Reduced expenditures are shown for the amount of federal funding that will no longer be received as federal match for state expenditures. This totals approximately $9.2 million per year in FY 2012 and FY 2013 and $12.8 million per year in FY 2014 and FY 2015.
58. HB 316 reduces available funds for many programs funded with state special revenue. For purposes of this fiscal note, it is assumed that expenditures funded by the state special revenue funds would be reduced by a like amount. However, if individual state special revenue funds have any fund balance available, it could be used to offset lost revenue in the short term. In addition, if the general fund were used to backfill funding for the expenditures, then expenditures may not be reduced as much as they otherwise would be reduced.

	FY 2012 Difference	FY 2013 Difference	FY 2014 Difference	FY 2015 Difference
Fiscal Impact:				
Expenditures:				
Operating Expenses (DOR)	$1,325,000	$0	$0	$0
State Special Revenue Expen	($28,421,634)	($28,319,363)	($29,795,340)	($30,017,053)
Federal Matching Reduction	($9,298,614)	($9,184,955)	($12,818,877)	($12,899,774)
Transfer Coal Permanent Fur	$34,298,096	$0	$0	$0
Transfer Coal Sub-Trusts	($34,298,096)	$0	$0	$0
TOTAL Expenditures	($7,973,614)	($9,184,955)	($12,818,877)	($12,899,774)
Funding of Expenditures:				
General Fund (01)	$1,325,000	$0	$0	$0
State Special Revenue (02)	($28,421,634)	($28,319,363)	($29,795,340)	($30,017,053)
Federal Special Revenue (03)	($9,298,614)	($9,184,955)	($12,818,877)	($12,899,774)
TOTAL Funding of Exp.	($36,395,248)	($37,504,318)	($42,614,217)	($42,916,827)
Revenues:				
General Fund (01)	$27,746,777	$27,657,876	$28,828,842	$29,049,044
State Special Revenue (02)	($28,421,634)	($28,319,363)	($29,795,340)	($30,017,053)
Federal Special Revenue (03)	($9,298,614)	($9,184,955)	($12,818,877)	($12,899,774)
TOTAL Revenues	($9,973,471)	($9,846,442)	($13,785,375)	($13,867,783)
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$26,421,777	$27,657,876	$28,828,842	$29,049,044
State Special Revenue (02)	$0	$0	$0	$0
Federal Special Revenue (03)	$0	$0	$0	$0

Effect on County or Other Local Revenues or Expenditures:

1. This bill would reduce revenue to county governments, both in terms of transfers to local governments from state special revenue accounts, and in terms of local grants that would have been provided from the coal trust funds interest revenue.

2. The following table shows a summary of changes that may affect local governments due to HB 316.

Changes Due to HB 316

	FY 2012	FY 2013	FY 2014	FY 2015
Coal Severance Tax				
Long Range Building Program	(\$680,620)	(\$693,278)	(\$688,136)	(\$710,224)
Coal Tax Shared SSR	(\$309,682)	(\$315,441)	(\$313,102)	(\$323,152)
Coal Trust Interest				
Cooperative Development Center	(\$6,500)	(\$6,500)	(\$6,500)	(\$6,500)
Growth Through Agriculture	(\$62,500)	(\$62,500)	(\$125,000)	(\$125,000)
Research and Commercialization Account	(\$127,500)	(\$127,500)	(\$365,000)	(\$365,000)
DOC Small Business Development Center	(\$12,500)	(\$12,500)	(\$12,500)	(\$12,500)
DOC Small Business Innovative Research	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)
DOC Cert. Regional Development Corporations	(\$42,500)	(\$42,500)	(\$42,500)	(\$42,500)
DOC MT Manufacturing Extension Center-MSU	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
DOC Export Trade Enhancement	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)
Oil and Gas Production Tax				
Oil and Gas Natural Resource Account	(\$342,884)	(\$337,157)	(\$332,778)	(\$325,117)
County and School Distribution	(\$8,919,428)	(\$8,768,641)	(\$8,654,742)	(\$8,455,515)
Metal Mines Tax				
Local Impact Account	(\$326,184)	(\$340,044)	(\$342,999)	(\$326,787)
Cigarette Tax				
Long Range Building Fund	(\$178,039)	(\$172,447)	(\$171,991)	(\$171,502)
US Mineral Royalties				
Mineral Impact Account	(\$990,467)	(\$962,533)	(\$950,608)	(\$949,856)
Fees For Card Table Permits				
Local Governments	(\$8,250)	(\$8,250)	(\$8,415)	(\$8,583)
Live Game Tax				
Local	(\$1,150)	(\$1,150)	(\$1,173)	(\$1,197)
Video Gambling Machine Permit Fees				
Local Governments	(\$189,675)	(\$189,675)	(\$193,469)	(\$194,125)
Coal Sub-Trust Interest Revenue				
Treasure State Endowment Interest Revenue	(\$948,400)	(\$924,424)	(\$987,986)	(\$1,102,437)
Regional Water System Fund Interest Revenue	(\$308,900)	(\$329,836)	(\$373,293)	(\$436,765)
Big Sky Economic Development Interest Revenue	(\$262,000)	(\$272,213)	(\$308,078)	(\$360,461)

Technical Notes:

1. Section 15 of this bill amends both the temporary version and the version effective on July 1, 2011, of 16-11-119, MCA. The effective date of this bill is July 1, 2011, and it is not clear how amending the temporary version of 16-11-119, MCA, will affect collection of this tax.
2. DOR implementations are assumed to be funded in HB 2, but could be funded through other means.
3. There are many bills moving through the legislature at this time that affect state special revenue funds included in this bill. If this bill as well as any of these other bills, they would need to be coordinated.

Long-Term Impacts:

1. HB 316 changes the distribution for many state revenue sources and has no sunset date. The long-term effects will be comparable to effects in FY 2013 through FY 2015.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*